

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2018-306-C**

IN RE:

Application of SkyBest Communications, Inc. for a)
Certificate of Public Convenience and Necessity to Provide)
Resold and Facilities-Based Local Exchange and)
Interexchange Telecommunications Services, and for)
Flexible Regulation of its Local Exchange Services and)
Alternative Regulation of its Interexchange Service)
Offerings Within the State of South Carolina)
_____)

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Kim Shepherd. My business address is 1200 NC Hwy 194 North, West
3 Jefferson, NC 28694.

4 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5 **A.** I am Chief Executive Officer of SkyLine Telephone Membership Corporation, and
6 President of SkyBest Communications, Inc., a wholly-owned subsidiary of SkyLine
7 Telephone Membership Corporation.

8 **Q. PLEASE BRIEFLY OUTLINE YOUR EDUCATION, TRAINING, AND**
9 **EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.**

10 **A.** I have worked for SkyLine Membership Corporation (a telephone cooperative) for 20
11 years, and assumed my current role in 2018. Prior to being named CEO, I served as
12 Chief Management Officer from 2016-2018 overseeing all operations of the company.
13 Before that, I served as Customer Service and Sales Manager (2002-2011) and Executive

1 Director of Customer Operations (2011-2016). I hold a Bachelor of Science degree from
2 Appalachian State University and a Master of Business Administration from Gardner-
3 Webb University. I have completed studies and received certification in CAI
4 Fundamentals of Management and Cronin Communications Customer Service
5 Management, and I have successfully completed training in Change Management and
6 Interpersonal Communications Skills, as well as DMS-10 System Maintenance.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING HERE TODAY AND WHAT IS**
8 **THE PURPOSE OF YOUR TESTIMONY?**

9 **A.** I am testifying on behalf of SkyBest Communications, Inc. ("SkyBest" or the "Applicant").
10 By its Application, SkyBest seeks authority to provide resold and facilities-based local
11 exchange and interexchange telecommunications services within certain areas of the State
12 of South Carolina, pursuant to S.C. Code Ann. § 58-9-280(B), the rules and regulations of
13 the Public Service Commission of South Carolina ("Commission"), and Section 253 of the
14 Telecommunications Act of 1996. In addition, SkyBest requests that the Commission
15 regulate its local exchange services in accordance with the principles and procedures
16 established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. Pursuant
17 to S.C. Code Ann. § 58-9-585 and the general regulatory authority of the Commission,
18 SkyBest also requests that the Commission regulate its interexchange service offerings as
19 described below in accordance with the principles and procedures established for alternative
20 regulation in Orders No. 95-1734 and 96-55 in Docket No. 95-661-C, and as modified by
21 Order No. 2001-997 in Docket No. 2000-407-C.

1 **Q. PLEASE GIVE A BRIEF OVERVIEW OF SKYBEST.**

2 SkyBest is a competitive local exchange carrier ("CLEC") licensed in the States of North
3 Carolina and Tennessee. In addition to its competitive local service offerings, SkyBest is
4 an Internet service provider. SkyBest is a wholly-owned subsidiary of SkyLine Telephone
5 Membership Corporation ("SkyLine"), a North Carolina cooperative and incumbent local
6 exchange carrier ("ILEC"). SkyLine is a member-owned cooperative that was organized in
7 North Carolina in 1951 under the North Carolina Rural Electrification Authority, pursuant
8 to the provisions of Chapter 117 of the General Statutes of the State of North Carolina.
9 SkyBest was organized on January 28, 1998 in the State of North Carolina to provide non-
10 regulated services on behalf of SkyLine and to provide competitive services outside of
11 SkyLine's service area. SkyBest's parent company, SkyLine, is also the sole owner of
12 Chesnee Telephone Company, an ILEC that has been operating in South Carolina since
13 1948.

14 **Q. WHAT AREAS DOES SKYBEST PROPOSE TO SERVE IN THE CURRENT**
15 **APPLICATION?**

16 **A.** Local exchange services will be offered within the present operating areas of BellSouth
17 Telecommunications, Inc. d/b/a AT&T South Carolina ("AT&T"), Frontier
18 Communications of the Carolinas, Inc. ("Frontier"), United Telephone Company of the
19 Carolinas, Inc. d/b/a CenturyLink ("CenturyLink"), and Windstream South Carolina, LLC
20 ("Windstream"). Interexchange services will be offered throughout the State of South
21 Carolina.

1 **Q. PLEASE DESCRIBE THE SERVICES SKYBEST PROPOSES TO OFFER IN**
2 **SOUTH CAROLINA.**

3 **A.** SkyBest intends to provide competitive local exchange service and interexchange service to
4 residential and business customers. SkyBest will also provide custom calling and CLASS
5 features, access to emergency call service (e.g., 911), directory assistance and other ancillary
6 services, as well as bundled services such as local, long distance, and internet services in a
7 combined package. SkyBest will provide its local and interexchange services via a
8 combination of traditional circuit switched (i.e., time division multiplexed or "TDM") and
9 voice over Internet protocol ("VoIP") switching platforms. Applicant's TDM and VoIP-
10 based services will be provided on its independently owned, facilities-based network, and
11 when/where convenient, through resale of other telecommunications providers' networks
12 or services. All services are available twenty-four (24) hours per day, seven (7) days a
13 week. A more complete description of the local exchange, interexchange, and access
14 services Applicant proposes to offer in the State of South Carolina can be found in
15 Applicant's proposed tariffs attached to its Application in this matter as Exhibits B, C, and
16 D, respectively.

17 **Q. DOES SKYBEST POSSESS SUFFICIENT TECHNICAL AND MANAGERIAL**
18 **RESOURCES TO PROVIDE THE SERVICES FOR WHICH IT REQUESTS**
19 **AUTHORITY?**

20 **A.** Yes. SkyBest possesses sufficient technical and managerial resources to provide the
21 services for which it requests authority. SkyBest retains key management and technical
22 personnel with significant business and telecommunications experience. SkyBest and its
23 affiliated companies provide local exchange and/or interexchange services in South

1 Carolina, North Carolina and Tennessee. A list of key personnel, and a selective summary
2 of experience, is attached to the Application in this matter as Exhibit E. SkyBest's parent,
3 SkyLine Telephone Membership Corporation, has been providing telecommunications
4 services in North Carolina since 1951. Chesnee Telephone Company, a wholly-owned
5 subsidiary of SkyLine, has been providing telecommunications services in South Carolina
6 since 1948. As previously described, I have twenty years' experience with SkyLine. A
7 list of other key personnel, and a selective summary of experience, is attached as Exhibit
8 E to SkyBest's Application.

9 **Q. DOES SKYBEST POSSESS SUFFICIENT FINANCIAL RESOURCES TO**
10 **PROVIDE THE PROPOSED SERVICES FOR WHICH IT REQUESTS**
11 **AUTHORITY?**

12 **A.** Yes, SkyBest possesses sufficient financial resources to provide the proposed services. In
13 support of the Company's financial ability to provide the proposed services, SkyBest
14 provided the audited consolidated financial statements of Skyline Telephone Membership
15 Corporation and Subsidiaries as of December 31, 2017, as Exhibit F to its Application.
16 The financial statements demonstrate that SkyBest has the financial resources necessary to
17 provide services in South Carolina.

18 **Q. WILL GRANTING SKYBEST'S REQUEST SERVE THE PUBLIC INTEREST?**

19 **A.** Yes. The public interest of the citizens of South Carolina will be served by granting this
20 Application. First and foremost, SkyBest will offer its customers the ability to have
21 seamless service for local services as well as intrastate, interstate and international toll
22 services. SkyBest will enhance competition in the State of South Carolina by offering

1 additional service options and high service quality to South Carolina telecommunications
2 users.

3 **Q. WILL THE SERVICE PROVIDED BY SKYBEST MEET ALL SERVICE**
4 **STANDARDS THAT THE COMMISSION MAY ADOPT?**

5 **A.** Yes, it will.

6 **Q. WILL THE PROVISION OF SERVICE BY SKYBEST ADVERSELY IMPACT**
7 **THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE IN**
8 **SOUTH CAROLINA?**

9 **A.** No. SkyBest's local service will be provided in predominantly non-rural parts of South
10 Carolina. The service provided by SkyBest will not adversely impact the availability of
11 affordable local exchange service in South Carolina.

12 **Q. WILL SKYBEST ACTIVELY PARTICIPATE IN THE SUPPORT OF**
13 **UNIVERSALLY AVAILABLE TELECOMMUNICATIONS SERVICE AT**
14 **AFFORDABLE RATES?**

15 **A.** Yes. To the extent it may be required to do so by the Commission, SkyBest will participate
16 in the support of universally available telecommunications services at affordable rates.

17 **Q. IS SKYBEST REQUESTING FLEXIBLE REGULATION OF ITS LOCAL**
18 **EXCHANGE SERVICE OFFERINGS?**

19 **A.** Yes. SkyBest requests that the Commission regulate its local telecommunications services
20 in accordance with the principles and procedures established for flexible regulation in
21 Order No. 98-165 in Docket No. 97-467-C. In Docket Number 97-467-C, the Commission
22 approved a rate structure that incorporated maximum rate levels with the flexibility for
23 adjustment below the maximum rate levels. The Commission determined that local tariff

1 filings would be presumed valid upon filing, subject to the Commission's right within thirty
2 days to institute an investigation of a tariff filing and that any such tariff filings would be
3 subject to the same monitoring process as similarly situated competitive local exchange
4 carriers. SkyBest submits that as a local exchange competitor it should be subject to
5 regulatory constraints no greater than those imposed in Docket No. 97-467-C. SkyBest
6 therefore requests that its local exchange service tariff filings be regulated under this form
7 of flexible regulation.

8 **Q. IS SKYBEST REQUESTING ALTERNATIVE REGULATION OF ITS**
9 **INTEREXCHANGE SERVICE OFFERINGS?**

10 **A.** Yes. Pursuant to S.C. Code Ann. § 58-9-585 and the general regulatory authority of the
11 Commission, SkyBest requests that the Commission regulate its interexchange service
12 offerings in accordance with the principles and procedures established for alternative
13 regulation in Orders No. 95-1734 and 96-55 in Docket No. 95-661-C, and as modified by
14 Order No. 2001-997 in Docket No. 2000-407-C. In Docket No. 95-661-C in response to a
15 Petition for Alternative Regulation by AT&T Communications of the Southern States, the
16 Commission determined that there was sufficient competition in the market for
17 interexchange telecommunication services to justify a relaxation in the manner in which
18 AT&T was regulated. The Commission determined that AT&T was not required to file
19 maximum rates for long distance business service offerings and that its tariffs would be
20 presumed valid upon filing, subject to the Commission's right within seven days to institute
21 an investigation of the tariff filing. SkyBest submits that as a competitor of AT&T in the
22 market for providing telecommunication services to customers, it should not be subject to
23 regulatory constraints greater than those imposed on AT&T. SkyBest therefore requests

1 that its interexchange business services offerings described in its proposed tariff be
2 regulated under this form of relaxed regulation.

3 **Q. DOES SKYBEST SEEK WAIVERS OF ANY APPLICABLE COMMISSION**
4 **REGULATIONS WITH REGARD TO SKYBEST'S OPERATIONS IN SOUTH**
5 **CAROLINA?**

6 **A.** Yes. SkyBest requests that the Commission grant it a waiver of certain regulatory
7 requirements as follows:

8 (a) Applicant seeks a waiver of the requirement in 10 S.C. Code Ann. Regs. 103-610
9 to keep all required books and records within the State. Applicant maintains its
10 books and records at its principal offices in West Jefferson, NC. Maintaining a
11 separate set of books and records in the State of South Carolina for Applicant's
12 South Carolina operations is unnecessary and would be unduly burdensome.
13 Applicant will make its books and records available to the Commission and the
14 Office of Regulatory Staff ("ORS") in a timely manner upon request.

15 (b) Applicant seeks a waiver of the requirement in 10 S.C. Code Ann. Regs. 103-631
16 to publish local exchange directories. Applicant will make arrangements with those
17 incumbent LECs who publish directories in areas where Applicant provides
18 service, whereby the names of Applicant's customers will be included in any such
19 directories. These directories will be distributed to Applicant's Customers. This
20 approach is reasonable and will have a direct benefit to the customers of both
21 Applicant and the incumbent LECs since customers will have to refer only one
22 directory for a universal listing of customer information; and

1 (c) Applicant seeks a waiver of the map filing requirement of 10 S.C. Code Ann. Regs.
2 103-612.2.3. Applicant's service area will initially mirror the service areas of the
3 incumbent local exchange carriers referenced in this Application.

4 **Q. WHAT ACTION ARE YOU ASKING THE COMMISSION TO TAKE IN REGARD**
5 **TO THIS APPLICATION?**

6 **A.** SkyBest Communications, Inc. respectfully requests that the Commission approve its
7 Application for a Certificate of Public Convenience and Necessity to permit it to provide
8 local exchange and interexchange telecommunications service in the State of South
9 Carolina, as described herein and in the Application in this matter, including Exhibits,
10 which is incorporated herein by reference, and grant flexible and alternative regulation for
11 those services as described above.

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A.** Yes, it does.